

Iran-Contra Probe Focuses on Meese

Reagan and Regan Are Not Under Investigation, Lawyer Says

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Former president Ronald Reagan and his White House chief of staff, Donald T. Regan, were formally notified last week by independent counsel Lawrence E. Walsh that they were not under investigation in the final phase of his probe of the Iran-contra scandal, according to their lawyer.

Former attorney general Edwin Meese III has now become the main focus as Walsh's six-year inquiry into the worst political scandal of

the Reagan administration comes to an end, according to informed sources.

Former secretary of state George P. Shultz, who along with Meese had been named a "subject" of the inquiry, "is no longer in an adversarial position" with the prosecutor, according to one source close to the former Cabinet member. However, the source said, Walsh "is not ready to announce Shultz is no longer a subject of his investigation."

In legal parlance, a "subject" is one whose conduct is under grand

jury scrutiny, while a "target" is someone facing probable indictment.

Spokesmen for Walsh would not comment. Meese, who is in Washington, did not return telephone calls. Last week, Meese told friends "he feels like a target" of the inquiry, one source said.

Walsh's investigation has been directed in recent weeks at determining whether high-level officials in the Reagan administration sought to obstruct official inquiries into the November 1985 sale from

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Israel to Iran of U.S.-made Hawk anti-aircraft missiles. The sale was intended to gain the release of U.S. hostages held in Lebanon by pro-Iranian groups.

The indictment on June 16 of former defense secretary Caspar W. Weinberger on five counts of obstruction, perjury and false statements was a product of this line of inquiry. Walsh advised Congress in June that he intended to conclude his controversial investigation, which has cost more than \$32 million since it began in December 1986, by the end of this month.

One source who has a client involved in the investigation said yesterday he did not think Walsh "is

currently planning any indictments."

A source who appeared recently before the federal grand jury hearing Iran-contra evidence said Walsh's prosecutors are "following all the trails" that opened up following recent access to notes written by Weinberger and other Iran-contra participants, but seem uncertain where they lead.

Yesterday, the grand jury heard four hours of testimony from one-time Meese aide Charles P. Cooper, who served as head of the Justice Department's Office of Legal Counsel during the Reagan administration. In November 1986, when the administration disclosed its arms-for-hostages dealings with Iran, Cooper worked with Meese and two

other Justice Department officials in sorting out conflicting internal stories about the shipments.

Theodore B. Olson, a lawyer for Reagan, confirmed yesterday that he received a letter from Walsh last Thursday which said in part that "this office regards President Reagan as simply a witness and not as a subject or target." The existence of the letter was first reported yesterday in the New York Times.

Olson said that on behalf of Reagan, he had "been in communication with the independent counsel on a regular basis on various things," but he would not detail what those communications concerned.

Throughout that time, Olson said, he had "received assurances that

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Reagan and Regan Not Targets of Inquiry

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[Walsh] did not regard the former president as a potential defendant."

After The Washington Post published an article July 26 saying Reagan might be among those indicted in the final phase of the Iran-contra investigation, Olson said he called Walsh. "I was distressed by the talk shows and other publicity" from the report, which hurt the former president around the world, Olson said yesterday.

He said "I communicated" his concerns to Walsh, and the letter was the product.

Olson, whose firm also represents Donald Regan, said the former White House chief of staff received a letter from Walsh on July 27 saying he too was considered solely a witness in the investigation. That letter was just "confirmation of his prior standing," Olson said.

Sources recently said that Walsh has been studying the possibility that senior officials in the Reagan administration conspired to hide from government investigators Reagan's knowledge of the November 1985 shipment. Justice and Defense Department officials believed at the time the shipment became public knowledge that the sale might have violated U.S. laws.

Former White House aide Oliver L. North and former national security adviser John M. Poindexter were charged and convicted on counts that included covering up their knowledge of the November 1985 shipment. The convictions of North and Poindexter have been reversed.

One element of Weinberger's coverup indictment focused on a Nov. 24, 1986, White House meeting where Meese reported the results of his inquiry over the previous weekend into the November 1985 shipment. Meese, according to the indictment, "told the group that the November 1985 Israeli

Hawk missile shipment may have been illegal, but that the president did not know about the shipment at the time."

In the Weinberger indictment, the prosecutors referred to "Mr. Meese's incorrect statement concerning President Reagan's lack of knowledge."

Cooper said he was questioned during his grand jury appearance yesterday about every step of that weekend investigation in November 1986. The prosecutors asked specifically about "who knew what about the Hawk shipment," Cooper said, and particularly about the cover story that it was "oil drilling equipment" and not weapons.

Cooper said he considered it ironic that Meese and Shultz, the two officials he thought had the most to do with trying to prevent the coverup of the shipment, were now the remaining identified subjects of Walsh's investigation of the coverup.

Staff Writer George Lardner Jr. contributed to this report.